

ARTICLE APPEARED
ON PAGE 41WASHINGTON POST
26 November 1986

Israel Denies Funding Contras

Government Confirms Role in Arms Transfers to Iran

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Washington Post Foreign Service

JERUSALEM, Nov. 26 (Wednesday)—Israel's government early this morning confirmed its involvement in shipping arms to Iran at the behest of the White House but strongly denied it had played any role in funneling a portion of Iranian payments to U.S.-backed Nicaraguan rebels, or contras, in apparent violation of U.S. law.

In a terse statement issued after a two-hour emergency meeting of the country's three top leaders, Israel said the funds were paid directly by an unnamed Iranian representative into a Swiss bank account "in accordance with instructions from the American representative. These funds did not pass through Israel."

The statement, which did not name the American involved, added that "the government of Israel was surprised to learn that supposedly a portion of these funds was transferred to the contras. If such a transaction took place, it had nothing to do with Israel and the government of Israel had no knowledge of it. Israel did not serve, and would not have served, as a channel for such a transaction."

The Israeli statement appeared, to provide a different account of what had taken place from that given by U.S. Attorney General Edwin Meese III at a press conference in Washington yesterday, although Meese's remarks left open a possible distinction between the Israeli government and individual Israelis who may have been involved as arms traders and intermediaries.

Under questioning about whether persons other than National Security Council aide Lt. Col. Oliver North, who was fired yesterday, were involved in money transfers, Meese said:

"Bank accounts were established, as best we know, by representatives of the forces in Central America. And this information was provided to representatives of the Israeli government . . . or representatives of Israel, I should say . . . and then these funds were put into the accounts."

The hastily drafted Israeli explanation did not give any details about the kind of equipment that was shipped to Iran or the dates

Meese: information on the bank accounts set up was given to "representatives of Israel."

of the shipments, nor did it say why some shipments were made that apparently were not approved before the fact by the United States.

It also did not disclose the amount of money involved, nor explain how some of the money—reportedly \$12 million—was paid to the United States while the rest—estimated by Meese to be \$10 million to \$30 million—was not.

Israeli officials are likely to be further pressed to explain how much money was involved and how it was that they did not know where the money from the arms sales was destined to go.

The statement marked an abandonment of the government's previous strategy—adopted three weeks ago when an Israeli role in secret arms sales to Iran was first disclosed—of making absolutely no public comment in the hope that the issue would fade away. Officials stuck to that strategy even when disclosures in Washington and unofficial leaks in Jerusalem built into a flood.

But yesterday's statement by Meese was too serious and too authoritative for the Israelis to ignore, officials said last night.

An emergency meeting of Prime Minister Yitzhak Shamir, Foreign Minister Shimon Peres and Defense Minister Yitzhak Rabin was held at Shamir's office here.

Also attending were the military secretaries of both Shamir and Rabin, and Amiram Nir, Shamir's counter-terrorism adviser, who is said to have coordinated Israel's role in the arms connection.

No one appeared here to have been warned in advance of the U.S. statement, nor of the resignation of National Security Adviser John M. Poindexter and the firing of North, a key deputy.

The news hit here around dinner time, when many senior officials and their aides had just arrived home—and it sent them racing back to their offices to formulate a response.

They faced a difficult decision in part because their own information was scarce, informed sources said, since the financial details of arms dealings with Iran were closely held.

"I would venture to say that perhaps no more than three or four people in Israel know the full story," one source said.

In the past week, informed sources here have outlined for the first time the various phases and details of Israeli arms shipments to Iran—which date back to 1979—and they have given Israel's version of its role as middleman in opening a secret channel between Washington and Tehran.

The sources have insisted that Israel was acting primarily as a service to its strategic ally and protector, the United States, and denied allegations from Washington that Israel took advantage of limited authorization from the White House to step up its own arms sales to Tehran.

This morning's statement, read by Avi Pazner, Shamir's spokesman, confirmed that Israel had "transferred defensive arms and spare parts from the U.S. to Iran upon the request of the United States."

It gave no further details.

Israel has had to defend itself against charges—both from Washington and from some critics here—that it enticed White House amateurs into a high-risk, low-gain adventure in Iran based on shaky intelligence from self-interested Iranian and Israeli arms dealers and others.

Some commentators also have questioned the official view that Israel's interests are best served by supporting Iran in its protracted war with Iraq.

Informed sources here have said Israel furnished Iran with U.S.-made TOW antitank missiles and Hawk anti-aircraft batteries, along

with Israeli-manufactured ammunition for howitzers, mortars and recoilless rifles, and had deposited payments from Tehran into Swiss bank accounts believed to be controlled by the CIA, with Israel's diminished stocks of the weapons replenished by Washington.

But no source here was prepared last night to state whether any Israeli—official or private citizen—knew who controlled the accounts or that some of the money was being transferred to the contras, as Meese disclosed.

Nor was anyone prepared to say whether the Israelis involved were operating under the belief that the contra connection was authorized by the White House.

Sources said there were three main Israeli figures who might be able to shed light on the transactions: arms dealers Yaacov Nimrodi and Al Schwimmer and former foreign ministry director general David Kimche.

Iranian exiles in France and Britain who serve as agents and middlemen in providing arms to the Iranian military first approached Nimrodi in 1985 with a plea that he arrange contacts between Washington and Tehran to support prowestern senior military officers in their internal power struggle against Shiite Moslem radicals.

He and Schwimmer, a business associate of Nimrodi and a close adviser to then-prime minister Peres, approached Kimche and Peres with the idea; it was approved by senior Cabinet members and then passed on to the White House. There the matter was dealt with by former national security adviser Robert C. McFarlane and his aide, Lt. Col. North.

Sources here said Kimche came away from a meeting with McFarlane in the summer of 1985 convinced he had received authorization to send a limited arms shipment to Tehran.

But White House officials now say the Israelis misconstrued McFarlane's statements and that the first arms shipments were not authorized, although the White House later condoned them.

Nimrodi, who lives in London, could not be reached for comment. Kimche's wife said Kimche was out of Israel and she would not say where. Schwimmer told a reporter, "I can't help you. I don't know anything about it."

Other sources said Swiss bank accounts and an unnamed Swiss trading company have played a role in Israeli arms shipments to Israel since 1979, when Israel first began selling military equipment to Ayatollah Ruhollah Khomeini's revolutionary regime.

"This is an American problem," said an Israeli source involved in assessing and controlling the political damage the White House disclosures may cause Israel. "You get the bank account numbers from North and he says, 'Look, put the money in Switzerland,' and that's all you want to know."

Still, the source conceded, "no one in Israel can claim he didn't know it was illegal to launder money for the contras. If it looks like we were going behind the back of Congress and the president, then we are in trouble."

Earlier yesterday, before the White House disclosures, Shamir came closer than any Israeli official so far to acknowledging Israel's role in the White House-Iran connection.

"I can only say it is not our policy to export weapons to Iran," Shamir told Israeli television. "That's the rule but sometimes there can be exceptions to the rule."

"But I don't think we have to talk very much about this, even in this case where there is a storm in the United States and the president is being blamed and perhaps Israel will be blamed pretty soon as well. I don't think there is anything to blame Israel about. Israel is acting to defend itself—and storms come and go."

Israel was a longtime supplier of tanks, patrol boats, rifles, ammunition and radar and radio equipment to the rightist Nicaraguan regime of the late Anastasio Somoza, and it was encouraged by the Reagan administration and especially the CIA to give support to the contras, according to a book by Aaron

Klieman, a Tel Aviv University political scientist who is the country's leading academic expert on arms sales.

While Somoza "provided Israel with its best opportunity in the region," Klieman wrote, "since then, even though that outlet has been shut, the threat posed by the new regime in Managua to other countries in the region has served to provide Israel with new and unprecedented potential opportunities."

Klieman cited news reports that Reagan administration officials in 1983 leaked word that, at the request of the United States, Israel had agreed to send weapons captured from the Palestine Liberation Organization during the 1982 Lebanon war to Honduras for eventual use by the contras.

Such supplies contradict the principle that Israel sells arms only to recognized governments and creates other dilemmas for Israeli policy makers, Klieman said.

"On the one hand, Israel is so beholden to the United States that it becomes not only difficult but unpleasant to turn down such requests," he wrote.

"Yet on the other hand, to acquiesce in such adventures exposes Israel to the charge of being used in a proxy, interventionist role similar to that played by Cuba for the Soviet Bloc," he added.